

Bell Atlantic Network Services, Inc.
1320 North Court House Road
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Arlington, VA 22201
(703) 974-2944
(703) 525-6436 - FAX

Michael E. Glover
Associate General Counsel

ORIGINAL



February 18, 1999

BY HAND

Magalie Roman Salas, Secretary
Federal Communications Commission
The Portals
445 Twelfth Street, S.W.
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Commission's Requests for Documents and Information, CC Dkt 98-184

Dear Secretary Salas:

Enclosed please find a non-proprietary copy of my letter of January 15, 1999, which accompanied our production of documents in connection with the Bell Atlantic/GTE merger.

In addition, my letter of January 15, 1999 inadvertently did not list Bates numbers for several documents that were included in the production, as follows:

Requests included in FCC letter dated November 24, 1998

Submission to DOJ (Page 5)

1. The documents requested in this subsection were enclosed in Box 3, and include the following Bates range: BA 800 000427-001310 (Copying Prohibited -- 000506-000530)
2. The documents requested in this subsection were enclosed in Box 3, and include the following Bates range: BA 800 000103-000319 (Copying Prohibited -- 000298-000319)
3. We cannot identify the document requested in Subsection 3, based on the information provided.
4. The documents requested in this subsection were enclosed in Box 3, and include the following Bates range: BA 800 000326-000372
5. The documents requested in this subsection were enclosed in Box 3, and include the following Bates range: BA 000100000041

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Magalie Roman Salas, Secretary
February 18, 1999
Page 2

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6. The documents requested in this subsection were enclosed in Box 3, and include the following Bates range: BA 000100000073

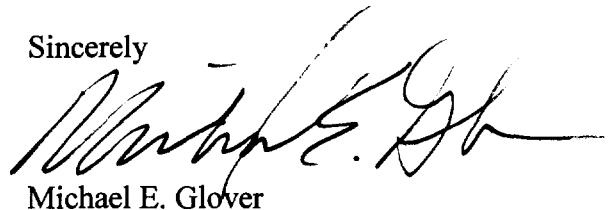
Requests Included in FCC letter dated December 11, 1998

I. Merger Efficiencies (Page 2)

- (a) Consultant Reports: Box 7, add the following Bates range: BA 800 005759-005762

Please call with any questions.

Sincerely



Michael E. Glover

Enclosures

cc: To-Quyen Truong
Michael Kende

Bell Atlantic Network Services, Inc.
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8th Floor
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January 15, 1999

BY HAND

Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 544
Washington, DC 20554

Re: Commission's Requests for Documents and Information, CC Dkt 98-184

Dear Secretary Salas:

On November 24, 1998 and December 11, 1998, the Commission sent letters to Bell Atlantic requesting documents and information in connection with the Bell Atlantic/GTE merger. GTE and Bell Atlantic made every effort to incorporate the requested data into their Joint Reply filed with the Commission on December 23, 1998. Bell Atlantic's responses to the Commission's specific requests are provided below. Please note that the box numbering is based on our production of documents to Michael Kende and To-Quyen Truong.

Requests Included in the November 24 Letter

I. Bell Atlantic - Local Services

As requested during the November 3, 1998 Bell Atlantic presentation, provide the following documents relating to Bell Atlantic's business plans or considerations concerning the provision of local exchange or exchange access services:

- a. All documents relating to any Bell Atlantic pre-merger plans and considerations after January 1, 1996, to provide local exchange or exchange access services in any area outside of its in-region states as that term is defined in the Telecommunications Act of 1996, and Bell Atlantic's decision to withdraw from implementation of any such plans and considerations. Please include any plans or considerations to provide out-of-region service to large business customers with offices located in-region;

Documents responsive to subsection (a) are enclosed in Box 4, and include the following Bates ranges: BA 081 001536-001538; BA 081 001541-001544; BA 081 001652; BA 081 001784-001835; BA 081 001980-001982; BA 081 002345-002353; BA 315 011137-011139; BA 345 000064-000070; BA 345 000073-000077; BA 345 000079-000109; BA 345 000125-000127; BA 345 000137-000172; BA 345 000194-000242; and BA 345 000282-000291.

- b. All documents relating to discussions with Cox Communications regarding the offering of services to the administrative offices of Virginia Beach, including documents relating to Cox Communication's offer and Bell Atlantic's response;

We have been unable to locate any documents responsive to subsection (b).

- c. All documents relating to requests for proposals, or other informal requests, by the Metropolitan Washington Airports Authority for service to Dulles Airport and Bell Atlantic's response. Please include documents that describe the services that Bell Atlantic is contracted to provide for the Metropolitan Washington Airports Authority;

Documents responsive to subsection (c) are enclosed in Box 1, and include the following Bates ranges: BA 354 000001-000215; BA 354 000221-000303; BA 354 000305-000320; and BA 355 000001-000212.

- d. All documents relating to the negotiation and, if applicable, execution of interconnection agreements, as defined in Section 252 of the Communications Act, as amended, between Bell Atlantic and GTE for any Bell Atlantic state and the District of Columbia; and

Documents responsive to subsection (d) are enclosed in Box 4, and include the following Bates ranges: BA 341 002860-002861; BA 353 000001-000403; BA 353 000430-000438; BA 353 000500; BA 353 000502-000562; BA 353 000565; BA 353 000570-000573; BA 353 000582-000583; BA 353 000592-000595; BA 353 000789; BA 353 000792-000794; BA 353 000811-000821; BA 353 000825-000832; BA 353 000881-000882; BA 353 000884; BA 353 000892-000894; BA 353 000938-000961; BA 353 0001245-001247; BA 353 001278-001337; BA 353 001343-001356; BA 353 001359-001374; BA 353 001376-001408; BA 353 001414-001430; BA 353 001432-001539; BA 353 001542-001576; BA 353 001578-001579; BA 353 001583-001586; BA 353 001588-001590; BA 353 001605-001608; BA 353 001622-001656; BA 353 001658-001738; BA 353 001744-001748; BA 353 001756-001787; BA 353 001789-001798; BA 353 001807-001830; and BA 800 002635-004212.

- e. All documents relating to proposals considered by Bell Atlantic to provide out-of-region local exchange or exchange access service, including a request for proposals from the state of Pennsylvania in 1998 that was referenced in the November 3, 1998 Bell Atlantic presentation.

Documents responsive to subsection (e) are enclosed in Box 2, and include the following Bates ranges: BA 359 000001-000158; BA 359 000162-000170; BA 369 000001-000260; BA 369 000267-000283; BA 369 000289-000311; BA 369 000315-000415; BA 369 000420-000644; and BA 375 000001-000002; BA 375 000017-000043. Additional documents responsive to subsection (e) are enclosed in Box 4a, and include the following Bates ranges: BA 044 013109; BA 350 001501-001502; BA 365 000001-000204; BA 365 000213-000311; BA 365 000328-000335; BA 365 000345-000346; BA 365 000424-000430; BA 365 000439-000459; BA 365 000465-000506; BA 365 000526-000538; BA 365 000543-000555; BA 365 000566; BA 365 000570-000592; BA 365 000677-000728; BA 365 000740-000785; BA 365 000793-000795; BA 365 000798-000854; BA 365 000858-000879; BA 365 000881-000888; BA 365 000898; BA 365 000959-000962; and BA 365 001033-001474.

II. Bell Atlantic - Internet Services

As requested during the November 9, 1998 joint Bell Atlantic and GTE presentation, provide the following documents relating to Bell Atlantic's and GTE's respective Internet services and facilities, and plans and considerations for new services and facilities expansion:

- a. All documents relating to GTE's assessment of the customer density (business and residential) needed to justify installation or expansion of service or installation or expansion of facilities, including the placement of additional Internet points of presence ("POPs") on GTE's fiber network; and

Subsection (a) only relates to GTE.

- b. All documents identifying current and future Internet POPs along the GTE network, including, but not limited to, POP locations that GTE was considering to add before the announcement of the proposed merger with Bell Atlantic and POP locations that GTE believes will be made feasible by the proposed merger. Please include estimated costs for installing each Internet point of presence.

Subsection (b) only relates to GTE.

- c. All documents relating to planned new services for residential and business customers, particularly GTE's plans to deploy CyberID and Unified Messaging services;

Subsection (c) only relates to GTE.

- d. All documents relating to the existing resale relationship between GTE and WorldCom and documents relating to any considerations to migrate traffic to GTE's network; and

Subsection (d) only relates to GTE.

- e. *The request did not include a subsection (e).*
- f. All documents relating to both firms' pre-merger IP telephony plans, and post-merger IP telephony plans.

Documents responsive to subsection (f) are enclosed in Box 5, and include the following Bates ranges: BA 001 000041-000072; BA 011 000073-000104; BA 011 004218-004252; BA 011 004291; BA 011 004293-004335; BA 011 005055-005073; BA 011 007704-007724; BA 011 008536-008583; BA 034 000571-000591; BA 034 001966-001980; BA 034 003499-003538; BA 035 001330-001358; BA 035 001359-001375; BA 035 001780-001815; BA 035 001833-001847; BA 035 002264-002297; BA 035 002306-002312; BA 035 003115-003154; BA 039 000210-000215; BA 039 000254-000273; BA 039 001008-001018; BA 039 001021; BA 039 001027-001031; BA 039 001033-001050; BA 039 001052-001097; BA 039 001486-001488; BA 044 013119-013120; BA 078 003686.001-003686.079; BA 087 010444-010447; BA 087 010541-010615; BA 087 010650-010719; BA 087 016010-016012; BA 087 016037; BA 112 000602-000625; BA 112 000627-000633; BA 121 001907-001928; BA 178 000541-000556; BA 178 005500-005520; BA 178 005567-005588; BA 200 002069; BA 206 000096-000130; BA 206 001821-001843; BA 274 008133-008163; BA 295 000223-000236; BA 311 001091-001109; BA 311 004242-004283; BA 311 005317-005359; BA 311 005394-005403; BA 311 005404-005416; BA 315 002910-002927; BA 315 004756-004832; BA 315 009551-009564; BA 324 002305-002339; BA 341 000290-000308; BA 350 012536-012547; BA 356 000001-000167; and BA 356 000185-000277.

III. Bell Atlantic & GTE - Long Distance Services

As requested during the November 12, 1998 joint Bell Atlantic and GTE presentation, provide the following documents relating to Bell Atlantic's and GTE's respective long distance services and facilities, and plans and considerations for new services and facilities expansion:

- a. All documents relating to Bell Atlantic's and GTE's respective pre-merger out-of-region long distance plans, including, but not limited to, each firm's existing and planned switch locations and marketing plans.

Documents responsive to subsection (a) are enclosed in Box 6, and include the following Bates ranges: BA 010 002446; BA 010 002465-002468; BA 010 2878; BA 010 002887-002899; BA 010 002916-002920; BA 010 2925-002927; BA 010 2933-002959; BA 010 5274; BA 010 005278; BA 010 005282-5283; BA 010 005628-005629; BA 010 005638; BA 010 005646; BA 010 005649; BA 010 005671-005677; BA 010 006513; BA 010 006536-006537; BA 010 006542-006548; BA 010 006564; BA 010 006576; BA 010 006588-006598; BA 010 006601; BA 010 006604-006606; BA 011 002745; BA 011 002756-002761; BA 011 002765; BA 011 002768; BA 011 002770-002771; BA 011 002777; BA 011 004724; BA 011 004732-004735; BA 011 004749-004755; BA 011 004757-004758; BA 016 000245-000269; BA 016 000537-000538; BA 016 000549-000554; BA 016 000561-000562; BA 016 000584-000587; BA 016 000599-000633; BA 016 000635-000638; BA 016 000641-000659; BA 016 000 911-000918; BA 016 001693; BA 016 001695; BA 016 001751-001759; BA 016 001761-001804; BA 035 000372-000375; BA 035 000386; BA 035 000407-000408; BA 044 012463-012468; BA 044 014153; BA 044 014156; BA 044 014168; BA 048 000297; BA 048 000301; BA 048 000328; BA 076 004507-004508; BA 076 004517; BA 081 002893; BA 081 002898; BA 081 002977-002983; BA 081 003145-003179; BA 081 003181-003183; BA 081 003283-003296; BA 087 010179; BA 087 010185; BA 087 010189; BA 087 010192; BA 087 010195; BA 087 010198-010199; BA 087 010201; BA 087 010205; BA 087 010215-010220; BA 089 001189-001190; BA 089 001843-001845; BA 182 003285-003289; BA 182 003308; BA 182 003319; BA 182 003323-003324; BA 253 000322-000340; BA 350 016878; BA 350 016901; BA 350 016901; BA 350 016906-016931; BA 370 002485; BA 370 002488-2490; BA 370 002494; BA 370 002938; BA 370 002940; BA 370 002943-002944; BA 370 002946; BA 370 002948-002949; BA 370 002853; BA 370 002966-002968; BA 370 002970; and BA 370 002972-002974.

- b. All documents relating to any plans by either firm to use long distance service provision as a springboard for providing local service and why and when those plans changed.

We have not located any documents specifically responsive to subsection (b).

- c. All documents regarding GTE's long distance service provision penetration into Bell Atlantic's region, by state and the District of Columbia, for both residential and business customers. Please include August 7, 1998 letter to the DOJ, as referenced in the November 12, 1998 meeting, and subsequent related filings.

Subsection (c) only relates to GTE.

- d. All documents identifying current and future long distance POPs along the GTE network, including, but not limited to, POP locations that GTE was considering to add before the announcement of the proposed merger with Bell Atlantic and POP locations that GTE believes will be made feasible by the proposed merger. Please include estimated costs for installing each long distance point of presence.

Subsection (d) only relates to GTE.

- e. All documents relating to Bell Atlantic's request for proposals to provide internal long distance traffic services, and GTE's subsequent extrapolations therefrom to estimate Bell Atlantic's future long distance traffic.

Documents requested in subsection (e) are enclosed in Box 6, and include the following Bates ranges: BA 800 001317-001338 and BA 800 001340-001344.

- f. All documents relating to Bell Atlantic's out-of-region long distance trials. Please include documents relating to plans, assessments of results, and decisions resulting from such assessments.

Documents requested in subsection (f) are enclosed in Box 6, and include the following Bates ranges: BA 010 000409-000410; BA 010 000413; BA 010 000454-000455; BA 010 001690; BA 010 001840; BA 010 001901-001902; BA 010 002034-002036; BA 010 002135-002136; BA 010 004012-004064; BA 010 006779-006828; BA 010 006830-006910; BA 011 004253-004277; BA 016 001702-001712; BA 068 00082-000109; BA 350 016620-016638; BA 350 016861-016868; BA 800 001311-001316A; and BA 800 001345-001391.

Requests Included in the December 11 Letter

I. As requested during the December 1, 1998 meeting, please provide the following documents relating to Bell Atlantic and GTE's claimed merger efficiencies.

- a) In relation to the Bell Atlantic/NYNEX merger, all consultant reports that analyzed any expected and actual efficiencies from the merger, and all documents relating to how any such consultant reports were used and whether these efficiencies were realized. In relation to the Bell Atlantic/GTE proposed merger, all consultant reports analyzing any expected efficiencies from the merger;

Documents responsive to subsection (a) are enclosed in Box 7, and include the following Bates ranges: BA 035 003462-003480; BA 087 002583-002596; BA 087 004190-004244; and BA 800 005447- 005758.

- b) All analyst reports in your possession that estimate or comment upon anticipated efficiencies from the Bell Atlantic/GTE proposed merger.

Documents responsive to subsection (b) are enclosed in Box 7, and include the following Bates ranges: BA 087 015752-015798; BA 185 000285-000300; BA 185 000305-000322; BA 185 000325-000364; BA 324 009043-009082; BA 346 003462-003467; BA 800 001392-001523; BA 800 001528-001544; BA 800 001549-001552; BA 800 001557-001567; BA 800 001572-001590; BA 800 001595-001620; BA 800 001625-001652; BA 800 001657-001667; and BA 800 001672-001699.

- c) All documents relating to GTE's pre-merger plans for establishing new touchdown points along with GNI network, and, to the extent they exist, all documents relating to Bell Atlantic and GTE's post-merger plans for establishing additional touchdown points, and the number, location and anticipated costs and revenues of any such touchdown points.

Documents responsive to subsection (c) are enclosed in Box 7, and include the following Bates range: BA 800 004213-004228.

II. In addition, we request further clarification and documentation regarding the post-merger cost savings and revenue enhancements that are cited in Bell Atlantic and GTE's public interest statement of October 2, 1998, and the accompanying Declaration of Doreen Toben, Vice President and Controller of Bell Atlantic Corporation ("Toben Declaration"). Please provide the following information:

- a) All documents itemizing the source and corresponding amount of the savings or revenue enhancements leading to the totals listed in the following three categories:
 - i) \$2.0 billion annual expense savings three years from closing;
 - ii) \$0.5 billion annual capital expenditure savings three years from closing; and
 - iii) \$2.0 billion annual revenue enhancements three years from closing.

Documents responsive to subsection (a) are enclosed in Box 8, and include the following Bates ranges: BA 010 000284-000294; BA 034 003134-003149; BA 087 015840-015867; BA 107 001824-001840; BA 107 001847-001848; BA 107 001855-001864; BA 107 002703-002704; BA 107 003010-003011; BA 107 003087-003100; BA 112 001583-001584; BA 185 000248-000263; BA 185 000273-000276; BA 253 000583-000585; BA 253 000661-000667; BA 253 002216-002229; BA 253 002296-002322; BA 253 002369-002381; BA 253 002501-002519; BA 253 002522-002528; BA 253 002535-002546; BA 253 002644-002663; BA 253 002862; BA 253 002864; BA 253 002866-002867; BA 253 003394-003399; BA 256 001450-001473; BA 262 000295-000310; BA 295 001720-001750; BA 295 001762; BA 295 001768-001799; BA 298 000812-000821; BA 298 001509-001511; BA 346 001228-001236; BA 346 001919-001969; BA 346 002463-002484; BA 346 002511-002537; BA 346 003473-003482; BA 346 004229-004265; BA 350 002896-002906; BA 350 003844-003868; BA 350 003885-003941; BA 350 003943-003948; BA 350 004027-004032; BA 350 005347; BA 350 015959-015966; BA 800 001963-001965; BA 800 001985-001988; BA 800 001998-002024; BA 800 002060-002086; BA 800 002091-002112; BA 800 002114-002129; BA 800 002140-002151; BA 800 002154-002297; BA 800 002301-002459; BA 800 002472-002530; and BA 800 004229-005446.

In addition, a detailed breakdown of the projected synergy savings and revenue enhancements is contained in the Reply Declaration of Doreen Toben attached to the Joint Reply of Bell Atlantic and GTE to Petitions to Deny and Comments filed December 23, 1998 in this proceeding.

- b) For each item of the three categories above, identify the percentage of the corresponding saving or revenue enhancement that would only be realized by the proposed merger between Bell Atlantic and GTE, and provide all documents on

which Bell Atlantic and GTE rely to assert that the saving or revenue enhancement is specific to this merger.

The projected cost savings or revenue enhancements identified in Ms. Toben's Declaration are all specific to the merger. Documents responsive to subsection (b) are enclosed in Box 8, and include the Bates ranges identified above in response to subsection (a).

- c) For each item in each of the three categories above, identify the public interest benefit of the corresponding saving or revenue enhancement, and specify by type (business or residential) the customers that are the expected beneficiaries of this public interest benefit. Provide all documents on which Bell Atlantic and GTE rely to assert these public interest benefits.

The public interest benefits that will result from the merger of Bell Atlantic and GTE are described in detail in the Public Interest Statement filed by GTE and Bell Atlantic on October 2, 1998, the Joint Reply of Bell Atlantic and GTE to Petitions to Deny and Comments filed on December 23, 1998, and the various declarations accompanying those filings. As explained there, the projected cost savings and revenue enhancements from the merger will provide the resources to fund the initiatives that will produce these public interest benefits, will allow the combined company to offer services more efficiently, and promote competition in the concentrated national market for bundled services and for each component service. The beneficiaries of these public interest benefits will include both business and residential consumers. For example, both residential and business customers will benefit from the introduction and broader deployment of new Internet and other advanced services identified in the filings of Bell Atlantic and GTE, from the more rapid and efficient deployment of a national facilities-based long distance network to compete with the Big Three, from the increased efficiencies and broader calling scopes that will result from combining the complementary wireless assets of the two companies, and, as explained in the Joint Reply, from the creation of a strong local competitor able to enter the major markets of the other Bell companies on an economic basis. Documents responsive to subsection (c) include the Bates ranges identified in response to I(a) and (c) and II(a).

III. We request further clarification and documentation regarding the post-merger plans of Bell Atlantic and GTE, as discussed in the applicants' public interest statement and the Toben Declaration. In this Declaration, Ms. Toben states that the financial efficiencies discussed above "will allow the new company to meet its commitments to improve service quality, accelerate new

services, and build out competitive local exchange carrier businesses in [twenty-one cities]." (Toben Declaration at 2). Please provide the following information:

- a) Describe and provide all existing documents supporting Bell Atlantic and GTE's asserted commitment to improve service quality post-merger, including specifying the areas in which service quality will be improved, and the anticipated steps, investments, and timetable for implementation of each planned service quality improvement. Identify the extent to which each planned service quality improvement is dependent on and specific to the merger between Bell Atlantic and GTE, and produce all documents on which Bell Atlantic and GTE rely to support these assertions (including, but not limited to, Bell Atlantic and GTE's plans relating to these service quality improvements absent the merger).

Bell Atlantic is committed to continuing to provide high quality service in all of its state jurisdictions and in at least one of its states, New York, has been required to provide improved service that meets certain objective measures set by the state commission. As described in the Declaration and Reply Declaration of Doreen Toben, the financial efficiencies produced by the merger of Bell Atlantic and GTE will contribute to the ability of the combined company to meet its service quality objectives, as demonstrated by the experience from the merger of Bell Atlantic and NYNEX. For example, as the Chairman and Executive Director of the New York Consumer Protection Board testified at the Commission's December 14, 1998 en banc hearing, "the average New Yorker is better off today than if the merger had not occurred" because the companies used merger synergies to invest \$1 billion in infrastructure, and hired 700 employees to improve service quality in New York and succeeded in meeting stricter quality standards. Documents responsive to subsection (a) are included with the documents produced in response to section II(a).

- b) Describe and provide all existing documents supporting Bell Atlantic and GTE's asserted commitment to accelerate the roll-out of new services post-merger, including specifying the new services that will be introduced, and the anticipated steps, investments, revenue increases, and timetable for the rollout of each new service to each target customer type (business and residential). Identify the extent to which the introduction of each new service is dependent on and specific to the merger between Bell Atlantic and GTE, and produce all documents on which Bell Atlantic and GTE rely to support these assertions (including but not limited to Bell Atlantic and GTE's roll-out plans relating to these services absent the merger).

Bell Atlantic and GTE have described a number of services that can be deployed more quickly, on a broader scale and more efficiently in their Public Interest Statement and Joint Reply Comments, along with the accompanying declarations of

Debra Covey, Doreen Toben, Jefferey Kissell and Scott Zimmerman, and David Teece. For example, the merger will allow Bell Atlantic and GTE to integrate their data traffic onto a unified national network, and to reach new markets across the country at a lower unit cost, deliver national facilities-based long distance service more quickly and efficiently, and introduce or broaden the deployment of new Internet and other advanced services such as Cyber-ID, Site Patrol, and Universal Messaging. In addition, Bell Atlantic and GTE have highly complementary Internet telephony programs, and the merger will allow the combined company to speed the introduction of Internet telephony or related services. These are all benefits attributable to the merger, and will accrue to the benefit of business and residential customers alike. In addition to documents produced in response to section II(a), documents responsive to subsection (b) are enclosed in Box 9, and include the following Bates ranges: BA 011 007452-007465; BA 035 002582-002596; BA 035 002868-002875; BA 035 003155-003194; BA 035 003462-003480; BA 087 003775-003776; BA 112 001577-001580; BA 112 002492-002493; BA 112 002505-002517; BA 195 001060-001176; BA 295 001704-001719; BA 315 014280-014294; BA 350 005464-005471; BA 370 000189; BA 370 003119-003126; BA 800 002025-002059; BA 800 002298-002300; BA 800 002443; and BA 800 002460-002471.

- c) Describe and provide all existing documents supporting Bell Atlantic and GTE's asserted commitment to begin offering services as a competitive LEC post-merger in the twenty-one cities cited, including specifying the services that will be offered in each city, and the anticipated steps (including facilities build-out plans), investments, revenue increases, and timetable for the rollout of each new service to each target customer type (business or residential) in each city. Identify the extent to which the introduction of each new service is dependent on and specific to the merger between Bell Atlantic and GTE, and produce all documents on which Bell Atlantic and GTE rely to support these assertions (including, but not limited to, Bell Atlantic and GTE's competitive LEC plans absent the merger).

Bell Atlantic and GTE have announced their intention to seek to compete in twenty one cities once the merger closes, as further described in the Public Interest Statement, the Joint Reply and accompanying declarations. The companies are in the process of determining how to enter the individual markets, as reflected in the enclosed documents. Additional planning remains to be done, and any preliminary assessments concerning the mechanics of entering these markets may be revised as the marketplace continues to evolve. The entire twenty-one city effort is dependent on the occurrence of the merger, since Bell Atlantic did not plan to compete out of region absent a merger, and GTE had very limited plans as described in the Public Interest Statement and Joint Reply. Documents responsive to subsection (c) are

enclosed in Box 9, and include the following Bates ranges: BA 350 005627-005651; BA 800 001700-001768; BA 800 001773-001848; BA 800 001853-001924; and BA 800 002628-002652.

IV. We also request further clarification and documentation regarding the post-merger plans of Bell Atlantic and GTE if Section 271 approvals have not been received in any or all of Bell Atlantic's states and the District of Columbia by the time that the Commission acts upon the Joint Application. In Bell Atlantic and GTE's public interest statement of October 2, 1998, the applicants state that if Bell Atlantic's Section 271 approval process is not complete by the time that the merger closes, "applicants will request any necessary transitional relief from the Commission." (Joint Application at 19, footnote 14). Please:

- a) Identify every interLATA service (both information services and telecommunications services, whether provided over circuit-switched or packet-switched networks) offered by GTE or any of its affiliates in each Bell Atlantic state and the District of Columbia. List the number of customers, by type, of each of these services in each Bell Atlantic state and the District of Columbia.

This request is directed to GTE.

- b) Discuss in detail what "transitional relief" Bell Atlantic and GTE will request from the Commission if Section 271 approvals have not been received in any or all of Bell Atlantic's states and the District of Columbia by the time that the Commission acts upon the Joint Application, including the specific legal basis for such relief.

The parties have described the basis for, and possible nature of, transitional Section 271 relief in their Joint Reply.

- c) State whether Bell Atlantic and GTE's anticipated post-merger cost savings and revenue enhancements, and plans to improve service quality, accelerate new services, and build-out competing LEC services in twenty-one cities, discussed in their public interest statement, are dependent on the receipt of Section 271 approval in Bell Atlantic's states and the District of Columbia or the "transitional relief" discussed above in section IV(b) of this letter. Discuss specifically and produce all documents relating to how the lack of such 271 approval or transitional relief may affect the answers to sections II and III above.

Many of the significant benefits that will result from the merger of Bell Atlantic and GTE do not depend on obtaining Section 271 relief, just as the substantial benefits that resulted from the merger of Bell Atlantic and NYNEX, and the previous merger

of those companies' wireless businesses, did not depend upon obtaining Section 271 relief. For example, the cost savings and resulting improvements in efficiency from the elimination of duplicative functions and personnel, the ability to negotiate lower equipment prices, and other similar synergies are unrelated to obtaining Section 271 relief. Likewise, these synergies are available to fund many of the public interest benefits of the merger, such as maintaining high quality service and developing and deploying new services, without regard to the timing of Section 271 relief. The same is true of the benefits of combining the companies' complementary wireless assets.

Other efficiencies depend to varying degrees on obtaining Section 271 relief in one or more states. As pointed out in the Joint Reply, the ability of the combined company to enter the markets of the other Bell companies on an economic basis will be enhanced by the ability to offer a complete bundle of services to customers in those markets. For example, a major multi-location business customer headquartered in New York would be more likely to choose Bell Atlantic if it can provide a full bundle of services, including long distance services originating from the customer's headquarters in New York. Relief in one or more states would permit Bell Atlantic to begin offering a full range of services to corporations that have offices in both regions, and thus to gain more quickly the geographic footholds necessary to provide services to these and other customers on an economic basis. Likewise, the ability of the combined entity to capture the full benefit of accelerating deployment of a national facilities-based network to rival the Big Three will depend, to some degree, on the ability to aggregate Bell Atlantic's long distance traffic originating (as well as terminating) in one or more of its in-region states on a single network with GTE's traffic. In addition, the merger will produce significant procompetitive benefits by strengthening GTE's Internet backbone business as a competitor of the Big Three backbone providers. To the extent this business is subject to Section 271, these benefits will depend upon obtaining Section 271 relief. As explained in the Joint Reply, to the extent that Bell Atlantic has not yet completed the Section 271 process in one or more states at the time the parties determine to close the merger, the Internet backbone business is a perfect example of an instance in which transitional relief would be especially warranted in order to realize these significant procompetitive benefits of the merger.

V. Finally, please provide the following documents discussed during meetings held with the applicants in November 1998.

- a) All documents relating to Bell Atlantic or GTE's plans from January 1, 1996, to present to merge, team or enter into a joint venture with any other entity in order to accelerate the introduction of new services or facilitate the provision of

Magalie Roman Salas

January 15, 1999

Page 14

telecommunications services outside of their respective franchise areas (GTE) or in-region states (Bell Atlantic) as that term is defined in Section 271 of the Telecommunications Act of 1996.

Bell Atlantic considers a large number of potential mergers, teaming agreements and joint ventures each year. Information regarding the most significant of these potential transactions that may, in part, be responsive to this request is provided in Exhibit 1, filed separately under seal.

- b) All documents relating to all discussions that Bell Atlantic or GTE has conducted with their customers, or requests from these customers, for Bell Atlantic or GTE to provide telecommunications services outside of their respective franchise areas (GTE) or in-region states (Bell Atlantic) as that term is defined in Section 271 of the Telecommunications Act of 1996.

In addition to documents produced in response to the November 24, 1998 letter, documents responsive to subsection (b) are enclosed in Box 9, and include the following Bates ranges: BA 800 002535; and BA 800 002539-002622p.

These documents are being produced under the terms of the Protective Order issued by the Commission on November 19, 1998 and have been stamped "CONFIDENTIAL INFORMATION -- SUBJECT TO PROTECTIVE ORDER IN CC Docket No. 98-184 before the FCC." A small number of documents also have been stamped "Copying Prohibited," as provided for in the Protective Order.

Please call with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Glover", with a long horizontal line extending to the right.

Michael E. Glover

Enclosures